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UNITED STATES
HOUSE OF REPRESENTATIVES

Congresswoman Betty McCollum
Statement for the Congressional Record
Taxpayer Funded Bonuses at AIG
March 17, 2009

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Ms. McCollum: Madame Speaker, I rise today to add my voice in opposition to plans by American International Group Inc. (AIG) to reward their executives with "job performance" bonuses worth over \$165 million at a time when the American people, including my constituents in Minnesota, are making huge sacrifices to make ends meet.

Yesterday, I joined my colleagues in co-signing a letter to Treasury Secretary Timothy Geithner to express my objection to AIG's payment of these ill-timed executive bonuses.

I want to go further and call on the Administration to repeal AIG's latest federal stabilization infusion of \$30 billion until they retrieve the \$165 million in bonuses, provide assurances that bonuses will no longer be disbursed without Congressional oversight and agree to turn over regular disclosure forms to account for how taxpayer funds are being used.

We must demand the highest level of transparency and accountability, especially since American taxpayers have provided over \$170 billion in funding to AIG and control approximately 80 percent of the company.

The purpose of the funds is to stabilize and prevent the devastating collapse of the financial markets, not to reward executives whose performance deserves an "F" grade for their failure to protect investors and consumers.

For traders - whose recklessness and greed greatly contributed to the financial crisis - to think they can profit at the expense of the taxpayers is unconscionable

This latest irresponsible act by AIG has further compromised the public trust.

I am pleased that President Obama has responded so quickly by pursuing every legal avenue to block these bonuses. Like the President, who yesterday expressed that he is "choked up with anger," I am angry and so are the millions of families bearing the brunt of the economic meltdown.

These monies must be recovered immediately and AIG must provide documentation as to which executives were to receive the bonuses so we can determine if these awards violate recently enacted federal restrictions.

In January, I voted for House passage of H.R. 384, the TARP Reform and Accountability Act, to strengthen accountability and oversight of the Troubled Asset Relief Program and require tough, sensible restrictions on executive pay.

And recently, Congress passed the American Reinvestment and Recovery Act, which President Obama signed into law, to curb multi-million dollar packages and limit bonuses.

We must work closely with the Obama Administration to rigorously enforce these requirements and close potential loopholes so that taxpayers are protected.